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Hearing on Legislative Proposals for Increasing Transparency

Before the House Committee on Oversight and Government Reform

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Chairman Chavez, Ranking Member Cummings, and all members of the Committee, on behalf of Campaign for Liberty's almost half-a-million members, thank you for allowing me to testify in support of the Federal Reserve Transparency Act (H.R.24/S. 216), popularly known as Audit the Fed.

Audit the Fed was introduced in the House by Representative Thomas Massie and in the Senate by Senator Rand Paul on the first day of the 115 TH Congress. It currently has 91 cosponsors in the House and 14 cosponsors in the Senate.

Audit the Fed has twice passed the House of Representatives. In 2012 it passed by a vote of 327—98 and in 2014 it passed by a vote of 333-92. In 2016, the bill received 54 votes in the Senate, and was supported by every Senator running for President, as well as then candidate Donald Trump.

Audit the Fed is a simple one-page bill that removes the restrictions preventing the General Accounting Office (GAO) from conducting a full audit of the Federal Reserve's conduct of monetary policy. Specifically the bill allows the GAO to audit:

1. Transactions for or with a foreign central bank, government of a foreign country, or a private international financing organization;
2. Deliberations, decisions, or actions on monetary policy matters, including discount window operations, reserves of member banks, securities credit, interest on deposits, and open market operations;
3. Transactions made under the direction of the Federal Open Market Committee; or as part of a discussion or communication among or between members of the Board and officers and employees of the Federal Reserve System related to clauses (1)–(3) of this subsection.

These Congressionally-imposed limits on GAO's ability to do its job prevent Congress and, more importantly, the American people from learning the full truth about the Federal Reserve's conduct of monetary policy, something which affects every American's economic well-being.

The case for an audit is strengthened when one considers that the Federal Reserve's management of monetary policy can only be described as disastrous. Today, it takes \$24 to purchase what one dollar would have bought when the Fed was created. The Fed is also responsible for the boom-and-bust business cycle that has plagued the Americans economy for the past century.

Every economic downturn of the past 100 hundred years from the Great Depression to the 2008 market meltdown can be laid at the feet of the Federal Reserve.

Federal Reserve' monetization of debt also facilitates the growth of government as deficit spending that threatens our prosperity and our liberty.

One of the few worthwhile provisions of Dodd-Frank authorized a limited, one-time audit of the Fed's response to the financial crises of 2007-2008. This audit found that between 2007 and 2010 the Federal Reserve committed over \$16 trillion — more than four times the annual budget of the United States — to foreign central banks and politically influential private companies.

According to Roger Auerbach, University of Texas Professor of Public Affairs, financial institutions under the Federal Reserve's regulatory control participated a Federal Reserve-organized lobbying campaign to stop a prior attempt to allow the GAO to contact a full audit of the Federal Reserve's conduct of monetary policy.

Members of the Committee, can you think of any other Congressionally-created agency that would get away with working with private industries to keep its operations shielded from Congress and the public? How do you think Congress would react if it was revealed that the FDA was organizing's lobbying effort by drug companies to defeat efforts to make its drug approval process more transparent?

Mr. Chairman, and members of the Committee, Congress has allowed the Federal Reserve to conduct monetary policy in secret for over 100 years. The result has been a steady decline in the dollar's purchasing power, a series of continuing series of financial crisis, the growth of a welfare-warfare state, and an increase in economy inequality and crony capitalism.

Therefore, on behalf of Campaign for Liberty, and the nearly 75% of American who support this bill. I urge Congress to take up and pass Audit the Fed as soon as possible, I thank the Committee for giving the opportune to testify and I look forward to answering your questions.

- Federal Reserve Officials Impair GAO Audits By Destroying Their Source Records, Roger Abacha, Huffington Post May 12, 2015